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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

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☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the period ended March 31, 1992

ML 92-2246

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number: 0-19760

Plains Spirit Financial Corporation
(Exact name of registrant as specified in its charter)

Delaware 42-1378462
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

131 W. Third Street, Davenport, Iowa 52801
(Address of principal executive offices) (Zip Code)

(319) 326-0121
(Registrant's telephone number, including area code)

(Former name, former address, and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common stock

**BEST COPY
AVAILABLE**

Outstanding at
May 1, 1992
2,070,000

PAGE 1 OF 11 SEQUENTIALLY NUMBERED PAGES.
THERE ARE NO EXHIBITS INCLUDED HEREIN.

PLAIN'S SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY

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**PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY**

CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL CONDITION

ASSETS	March 31, 1992	September 30, 1991
	(Unaudited)	
	(In Thousands)	
Interest-bearing deposits	\$ 38,150	\$ 18,100
Noninterest-bearing deposits and cash	4,655	775
Federal funds sold	1,000	4,300
Cash and cash equivalents	<u>\$ 43,805</u>	<u>\$ 23,175</u>
Investment securities	5,992	14,367
Loans receivable, net	222,204	217,952
Mortgage-backed securities	63,536	61,814
Federal Home Loan Bank stock, at cost	2,490	2,382
Accrued interest receivable	1,647	2,275
Real estate acquired in settlement of loans	125	128
Office premises and equipment, net	4,143	3,959
Prepaid expenses and other assets	702	683
Deferred income tax charges	<u>144</u>	<u>144</u>
	<u><u>\$ 344,788</u></u>	<u><u>\$ 326,879</u></u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Savings deposits	\$ 277,554	\$ 279,754
Reverse repurchase agreements	-	4,712
Advances from Federal Home Loan Bank	10,000	8,000
Advance payments by borrowers for taxes and insurance	1,369	883
Accrued expenses and other liabilities	4,293	4,947
Income taxes payable	304	107
Deferred income	386	529
Total liabilities	<u>\$ 293,906</u>	<u>\$ 298,932</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	\$ -	\$ -
Common stock	21	-
Additional paid-in capital	21,828	-
Retained earnings, substantially restricted	29,033	27,947
Total stockholders' equity	<u>\$ 50,882</u>	<u>\$ 27,947</u>
	<u><u>\$ 344,788</u></u>	<u><u>\$ 326,879</u></u>

Note: The Consolidated Condensed Statement of Financial Condition as of September 30, 1991 has been taken from the audited financial statement at that date.

See Notes to Consolidated Condensed Financial Statements.

**PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY**

**CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(In Thousands Except Per Share Data)**

	<u>Three Months Ended March 31,</u>	
	<u>1992</u>	<u>1991</u>
	(Unaudited)	
Interest income:		
Interest on loans	\$ 5,119	\$ 5,804
Interest on mortgage-backed securities	993	812
Interest on investment securities	260	354
Other interest income	256	309
Total interest income	<u>\$ 6,628</u>	<u>\$ 7,279</u>
Interest expense:		
Interest on savings	\$ 3,980	\$ 4,960
Interest on advances from FHLB and other borrowings	229	169
Total interest expense	<u>\$ 4,209</u>	<u>\$ 5,129</u>
Net interest income	\$ 2,419	\$ 2,150
Provision for possible loan losses	120	118
Net interest income after provision for possible loan losses	<u>\$ 2,299</u>	<u>\$ 2,032</u>
Other income:		
Servicing fees	\$ 230	\$ 76
Gain on sale of interest earning assets	71	-
Other income	153	62
Total other income	<u>\$ 454</u>	<u>\$ 138</u>
Other expenses:		
Compensation and benefits	\$ 974	\$ 754
Occupancy	116	112
Furniture, equipment, and data processing	97	62
Federal insurance	149	143
Other real estate owned expense, net	7	19
Other	401	266
Total other expenses	<u>\$ 1,744</u>	<u>\$ 1,356</u>
Income before income taxes	\$ 1,009	\$ 814
Provision for income taxes	<u>369</u>	<u>303</u>
Net income	<u>\$ 640</u>	<u>\$ 511</u>
Average number of common shares outstanding	2,070	-
Net income per share of common stock	\$.31	-
Dividends declared per share	-	-

See Notes to Consolidated Condensed Financial Statements.

Six Months Ended March 31,

<u>1992</u>	<u>1992</u>
(Unaudited)	
\$ 10,402	\$ 11,731
2,054	1,472
498	704
518	703
<u>\$ 13,472</u>	<u>\$ 14,610</u>
\$ 8,412	\$ 10,054
485	342
<u>\$ 8,897</u>	<u>\$ 10,396</u>
\$ 4,575	\$ 4,214
183	228
<u>\$ 4,392</u>	<u>\$ 3,986</u>
\$ 294	\$ 132
76	57
360	180
<u>\$ 730</u>	<u>\$ 369</u>
\$ 1,847	\$ 1,514
226	216
180	124
296	265
19	(53)
843	564
<u>\$ 3,411</u>	<u>\$ 2,630</u>
\$ 1,711	\$ 1,725
625	627
<u>\$ 1,086</u>	<u>\$ 1,098</u>
2,070	- -
\$.52	- -
- -	- -

**PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY**

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

Six Months Ended March 31,

1992 1991

(Unaudited)
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 1,086	\$ 1,098
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	137	112
Provision for loan and real estate owned losses	12	41
Amortization of premiums and discounts on investment and mortgage-backed securities, net	43	35
Income deferred, net of amortization	(143)	175
(Gain) on sale of interest earning assets	(76)	(57)
Proceeds from loans sold	12,189	4,735
Loans originated for resale	(12,184)	(4,735)
Federal Home Loan Bank stock dividends	(108)	(109)
Changes in assets and liabilities:		
Decrease in accrued interest receivable	628	284
(Increase) decrease in prepaid expenses and other assets	(19)	471
(Decrease) in accrued expenses and other liabilities	(654)	(391)
Increase in income taxes payable	197	155
Net cash provided by operating activities	<u>\$ 1,108</u>	<u>\$ 1,814</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investment securities	\$ 20,480	\$ 4,057
Purchase of investment securities	(11,993)	(2,000)
Principal repayments on mortgage-backed securities	8,130	1,654
Purchase of mortgage-backed securities	(9,936)	(16,583)
Purchase of loans	(2,972)	-
Loan originations and principal payment on loans, net	(1,438)	4,652
Proceeds from sales of real estate acquired in settlement of loans	149	2,184
Purchases of property and equipment	(321)	(30)
Net cash provided by (used in) investing activities	<u>\$ 2,099</u>	<u>\$ (6,066)</u>

**PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY**

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	<u>Six Months Ended March 31,</u>	
	<u>1992</u>	<u>1991</u>
	(Unaudited)	
	(In Thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of common stock	\$ 21,849	\$ - -
Net increase (decrease) in demand deposits, NOW accounts, passbook savings accounts, and certificates of deposit	(2,200)	9,421
Principal payments on reverse repurchase agreements	(4,712)	- -
Proceeds from FHLB advances	2,000	- -
Net increase in mortgage escrow funds	<u>486</u>	<u>214</u>
Net cash provided by financing activities	<u>\$ 17,423</u>	<u>\$ 9,635</u>
Increase in cash and cash equivalents	\$ 20,630	\$ 5,383
Cash and cash equivalents:		
Beginning	<u>23,175</u>	<u>14,744</u>
Ending	<u>\$ 43,805</u>	<u>\$ 20,127</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 4,792	\$ 5,323
Income taxes	428	- -
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Transfers from loans to real estate acquired through foreclosure	142	352
Loans originated from sale of real estate acquired in settlement of loans	167	1,007

See Notes to Consolidated Condensed Financial Statements.

**PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)**

Note 1. Significant Accounting Policies

In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (all which were normal recurring accruals) necessary for a fair presentation. The results of operations for the interim periods are not necessarily indicative of the results which may be expected for an entire year.

Note 2. Stock Conversion

On March 10, 1992, the Plains Spirit Financial Corporation sold 2,070,000 shares of common stock at \$11.50 per share and simultaneously purchased all the outstanding common shares of First Federal Savings Bank of Iowa (First Federal) for \$10,932,436 in a transaction accounted for as a purchase pooling of interests. As of March 10, 1992, the Bank's total capital, which was exclusively retained earnings, was \$28,848,015. Earnings per share are reported as if the transaction occurred on October 1, 1991.

PLAINS SPIRIT FINANCIAL CORPORATION
AND SUBSIDIARY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General. The Company had net income of \$640,000 and \$1,086,000 for the three and six month periods ended March 31, 1992, as compared to \$511,000 and \$1,098,000 for the same periods in 1991. The primary reasons for the increase in net income for the three month period were an increase in net interest income and other income which was partially offset by an increase in other expenses. The decrease in net income for the six month period resulted from an increase in other expenses which eclipsed the increases in net interest income and other income.

Net interest income. Net interest income increased to \$2,419,000 and \$4,575,000 from \$2,150,000 and \$4,214,000, respectively, for the three and six month periods ended March 31, 1992, as compared to the same periods in 1991. Interest income decreased \$651,000 for the three months ended March 31, 1992, primarily as a result of a general overall reduction in interest rates. Interest income decreased \$1,123,000 for the six month period ended March 31, 1992, due to a general overall reduction in interest rates which was partially offset by increases in interest-bearing deposits and mortgage-backed securities balances. Interest expense decreased \$920,000 in the three month period ended March 31, 1992, as compared to the same period in 1991, mainly as a result of reduced interest rates paid on deposits. Interest expense decreased \$1,499,000 for the six month period ended March 31, 1992, when compared to the similar period in 1991, due to reduced interest rates paid on deposits, somewhat offset by increased interest paid on borrowings due to higher outstanding balances.

Provision for possible loan losses. The provision for loan losses was \$229,000 and \$485,000 for the three and six month periods ended March 31, 1992, respectively, compared to \$169,000 and \$342,000 for the similar periods in 1991. The increases resulted from greater additions to unallocated general reserves due to a more conservative approach regarding real estate values. Although the Company maintains the allowance for loan losses at a level which it considers to be adequate to provide for potential losses, there can be no assurance that such losses will not exceed the estimated amounts, thereby adversely affecting future results of operations.

Other income. Other income amounted to \$454,000 and \$730,000 for the three and six month periods ended March 31, 1992, as compared to \$138,000 and \$369,000 for the same periods in 1991. The increase for the three month period of \$316,000 primarily resulted from: a \$154,000 increase in servicing fees due to greater loan originations, a \$71,000 increase in gain on sale of loans because of increased production of loans which were originated for sale, and a \$91,000 increase in other income which reflects a \$55,000 interest payment on overpaid taxes in a prior period and increased customer fees. The increase of \$361,000 for the six month period ended March 31, 1992 primarily resulted from: a \$162,000 increase in servicing fees representing increased loan originations, a \$180,000 increase in other income which included a \$55,000 interest payment on overpaid taxes of a prior year, and greater customer fees.

Other expense. Other expenses totaled \$1,744,000 and \$3,411,000 for the three and six month periods ended March 31, 1992, as compared to \$1,356,000 and \$2,630,000 for the similar periods in 1991. The increase of \$388,000 for the three month period primarily resulted from: a \$220,000 increase in compensation and benefits due to staff additions and greater incentive and benefit costs, and a \$135,000 increase in other expenses which was predominantly caused by increased loan originations. The \$781,000 increase for the six month period ended March 31, 1992 mainly arose due to compensation and benefit costs rising \$333,000 due to additional staffing and increased benefit costs, a \$72,000 increase in other real estate owned expense caused by fewer sales of real estate owned at a profit, and a \$279,000 increase in other expense due to increased loan originations.

Financial condition developments. Cash and cash equivalents increased from \$23,200,000 as of September 30, 1991 to \$43,800,000 as of March 31, 1992. The \$20,600,000 increase mainly resulted from the proceeds of common stock sold on March 10, 1992, as described in Note 2 to the condensed financial statements. Investment securities decreased 42% from \$14,400,000 to \$6,000,000 from September 30, 1991 to March 31, 1992. The \$8,400,000 decrease was mainly used to fund the increases in loan receivables and mortgage-backed securities and to repay a reverse repurchase agreement. Stockholders' equity increased from \$27,900,000 as of September 30, 1991, to \$50,800,000 as of March 31, 1992. The \$22,900,000 increase was mainly a result of the Company's sale of common stock.

As of March 31, 1992, First Federal had core capital of approximately \$39,700,000 or 11.5% of tangible assets which exceeded the requirement of approximately \$10,300,000 by \$29,400,000.

The minimum tangible capital requirement is 1.5% of total assets. As of March 31, 1992, First Federal had tangible capital of approximately \$39,700,000 or 11.5% of tangible assets which exceeded the requirement of approximately \$5,200,000 by \$34,500,000.

The risk-based requirement is 8% of the value of risk weighted assets. The risk-based requirement is to be phased in with 90% (7.2%) on December 31, 1990, and 100% after December 31, 1992. As of March 31, 1992, First Federal had a risk-based capital requirement of approximately \$12,000,000 and the total of its core and supplementary capital of approximately \$40,300,000 exceeded this requirement by approximately \$28,300,000.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Plains Spirit Financial Corporation and the subsidiary are not engaged currently in any legal proceedings of a material nature

Item 2. Changes in Securities

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits and Report on Form 8-K

a. Not applicable

b. No reports on Form 8-K have been filed during the three months ended March 31, 1992

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PLAINS SPIRIT FINANCIAL CORPORATION
(Registrant)

Date May 13, 1992

By William L. Wilke
William L. Wilke
(Duly Authorized Representative)
President

Date May 13, 1992

By Raymond J. Jezek
Raymond J. Jezek
(Principal Financial Officer)
Treasurer